

Mixed Natural Gas Prices, Mild Weather Reduces Heating Demand

Natural gas spot price movements were mixed since Wednesday, November 1, including significant price decreases at locations in the Rockies, relatively small increases along the Gulf Coast, and varied movements in other regions. The spot price at the Henry Hub increased 21 cents per MMBtu, or about 3 percent, to \$7.37 per MMBtu. The NYMEX futures contract for December delivery at the Henry Hub gained about 11 cents since last Wednesday to close yesterday (November 8) at \$7.823 per MMBtu. Natural gas in storage as of Friday, November 3, was 3,445 Bcf, which is 7.7 percent above the 5-year average. The spot price for West Texas Intermediate (WTI) crude oil increased \$1.29 per barrel, or 2.2 percent, since last Wednesday to trade yesterday at \$59.93 per barrel or \$10.33 per MMBtu. Yesterday's crude oil price was only 23 cents higher than the year-ago level, when crude oil traded at \$59.70 per barrel on November 8, 2005.

Overall, natural gas spot price movements in the Lower 48 States varied during the report week. Mild temperatures across the country this week (Wednesday-Wednesday) likely reduced heating demand in many key market areas; however, there was some cooling demand in southern California that resulted from the 90-degree weather that prevailed early this week.

Prices at market locations in and to the west of the Rocky Mountains generally decreased on the week, with declines ranging between 3 cents and \$2.69 per MMBtu. Average spot prices in the Rockies were \$5.09 per MMBtu on Wednesday, November 8, with six locations recording prices below \$4 per MMBtu. The largest decrease of \$2.69 per MMBtu on the week occurred at the Questar trading location, where yesterday gas traded at \$3.20 per MMBtu, the lowest spot price in the Lower 48 States. Despite the comparatively low price at Questar, the spot price at this trading location recovered since Monday, November 6, when the spot price hit a low of \$1.67 per MMBtu. This was the lowest spot price of any location since September 15, 2006, when Northwest Pipeline's trading location south of Green River recorded a \$1.63 per MMBtu spot price. These decreases were not matched elsewhere in the Lower 48 States. Locations along the Gulf of Mexico mostly recorded increases on the week. The Henry Hub spot price increased 21 cents or about 3 percent on the week to \$7.37 per MMBtu. Similarly, other market locations in Louisiana increased between 6 and 34 cents on the week to a regional average price of \$7.35 per MMBtu. Average prices in the key Northeast and Midwest consuming areas as of yesterday were \$7.90 and \$7.57 per MMBtu, respectively.